

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED)	
GAS ADJUSTMENT FILING OF)	CASE NO. 8735-L
B & H GAS COMPANY)	

O R D E R

On January 28, 1991, B & H Gas Company, Inc. ("B & H") filed an application pursuant to its purchased gas adjustment clause to pass through to its customers a surcharge from its supplier, Kentucky West Virginia Gas Company ("Kentucky West"). The surcharge was approved by the Federal Energy Regulatory Commission ("FERC") as part of a settlement in Docket Nos. TQ89-1-46-000, et. al. between Kentucky West and this Commission. B & H received notice on January 14, 1991 that the surcharge in the amount of 61.4 cents per Dth was approved to be effective January 1, 1991.

After reviewing the record and all information pertaining to this case, the Commission finds that:

1. B & H's notice of January 28, 1991 proposed to implement a surcharge in the amount of 3 cents per Mcf to pass along to its customers the billings from Kentucky West for 1991. The surcharge in this amount would remain in effect until recalculated by Kentucky West, with billings from Kentucky West pursuant to the settlement to be received and paid by B & H for a period of no less than 10 years.

2. B & H requested an effective date of January 1, 1991 to implement its surcharge. KRS 278.180 provides that a utility must give 30 days notice to the Commission prior to the effective date of any increase in rates. Inasmuch as the September 12, 1990 settlement was negotiated by the Commission in the interest of the Kentucky utilities served by Kentucky West, the Commission had actual notice of the terms and conditions contained in the agreement on September 12, 1990. The effective date of B & H's surcharge should, therefore, be the effective date from Kentucky West, January 1, 1991.

3. B & H's adjustment in rates under the purchased gas adjustment provisions approved by the Commission in its Order in Case No. 8735 dated May 31, 1983 is fair, just, and reasonable, in the public interest, and should be effective with bills rendered on and after the date of this Order.

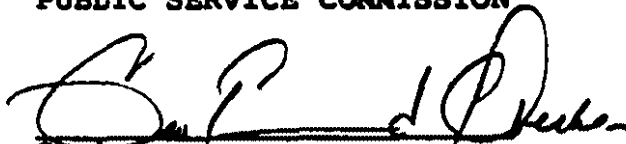
IT IS HEREBY ORDERED that:

1. The surcharge in the Appendix, attached hereto and incorporated herein, is fair, just, and reasonable, and is approved effective with bills rendered on and after the date of this Order.


2. Within 30 days of the date of this Order, B & H shall file with this Commission its revised tariffs setting out the surcharge authorized herein.

Done at Frankfort, Kentucky, this 1st day of February, 1991.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 8735-L DATED 2/01/91

The following rates and charges are prescribed for the customers served by B & H Gas Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the date of this Order.

RATES:

First 2 Mcf	\$10.1961 (Minimum Bill)
Next 8 Mcf	4.7760 per Mcf
Next 20 Mcf	4.4542 per Mcf
Over 30 Mcf	4.2610 per Mcf

A surcharge in the amount of 42 cents per Mcf shall be added to the approved rates to recover Kentucky West Virginia Gas Company cost of gas for October 1989 through May 1990.

A surcharge in the amount of 3 cents per Mcf shall be added to the above rates until the obligation owed Kentucky West Virginia Gas Company has been discharged, or is recalculated.